

Message Text

CONFIDENTIAL

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14

ACTION EUR-12

INFO OCT-01 AF-06 ARA-06 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /123 W

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R 191057Z FEB 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 7806

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BEIRUT BY POUCH

USINT BAGHDAD BY POUCH

C O N F I D E N T I A L VIENNA 1289

E.O. 11652: GDS

TAGS: OPEC, ENRG, AU

SUBJECT: OPEC OFFICIAL DISCUSSES CURRENT ISSUES

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1. EMBOFF RECENTLY HAD LONG PRIVATE CONVERSATION WITH MID-LEVEL OPEC SECRETARIAT OFFICIAL. THE SUBSTANCE OF OFFICIAL'S WIDE-RANING REMARKS ON CURRENT OPEC ISSUES AND PROBLEMS ARE REPORTED BELOW.

2. THE OFFICIAL READILY ADMITTED THAT DIFFERENTIALS REPRESENT OPEC'S MAJOR PROBLEM AT PRESENT. HE IS OBSERVING CURRENT STEERING COMMITTEE MEETING, AND COMMENTED THAT MATHEMATICAL MODELS ARE NOT YET PRODUCING THE DESIRED RESULTS. HE BELIEVES THAT DIFFERENTIALS PROBLEM WILL REMAIN UNRESOLVED UNTIL OPEC ADOPTS PRODUCTION PROGRAMMING TO CONTROL THE SUPPLY OF CRUDE OIL AVAILABLE TO THE MARKET. HE ACKNOWLEDGED THAT MARKET PRESSURES FORCED IRAN TO LOWER PRICE OF HEAVY CRUDE, BUT REMARKED THAT SOME IRANIAN OPEC OFFICIALS VIEW THE REDUCTION AS A "DEFEAT" FOR IRAN, WHICH HAS LONG BEEN A HAWK ON THE PRICE ISSUE. HE NOTED THAT SOME OPEC MEMBER COUNTRIES ARE RELUCTANT TO IMPLEMENT PRODUCTION PROGRAMMING AND STATED FLATLY THAT SAUDI ARABIA HAS KEPT OPEC FROM COLLAPSING BY ADJUSTING ITS PRODUCTION TO MARKET NEEDS.

3. HE ACKNOWLEDGED REPORTS OF ALLEGED IRAQI PRICE-SHAVING. HE SMILINGLY DECLINED TO CONFIRM THEM PRECISELY, BUT COMMENTED THAT IRAQI PRODUCTION STATISTICS SPEAK FOR THEMSELVES.

4. THE OFFICIAL TOUCHED LIGHTLY ON INTERNAL PROBLEMS WITH THE SECRETARY GENERAL, CHIEF M. O. FEYIDE. HE DESCRIBED CHIEF FEYIDE AS A CAREER CIVIL SERVANT WHO IS EXTREMELY RELUCTANT TO MAKE DECISIONS OR TAKE A PUBLIC POSITION. MANY OF THE STAFF FIND HIM A DIFFICULT SUPERIOR TO WORK WITH AND TO SATISFY. THE OFFICIAL HAD HEARD NO RUMORS YET CONCERNING THE IDENTITY OF THE NEXT SECRETARY GENERAL, BUT COMMENTED THAT IT WOULD BE ECUADOR'S "TURN" TO NOMINATE A CANDIDATE FOR THE POST.

5. THE OFFICIAL WAS UNAWARE OF AN IRAQI CALL, AS REPORTED IN WALL STREET JOURNAL LAST WEEK, FOR AN EXTRAORDINARY CONFERENCE OF THE MINISTERS. HE TENDED TO DOUBT ACCURACY OF THE STORY.

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6. THE OFFICIAL DOUBTED THAT THE MINISTERS WILL APPROVE ANY MORE APPLICATIONS FOR MEMBERSHIP IN OPEC. HE FELT THAT THE MINISTERS HAVE TACITLY AGREED NOT TO ACCEPT ANY NEW MEMBERS. HE ADDED THAT THE STATUTORY REQUIREMENT FOR UNANIMOUS DECISIONS ALSO WORKED AGAINST ACCEPTING NEW MEMBERS, BECAUSE IT WAS DIFFICULT ENOUGH NOW TO OBTAIN UNANIMITY.BUCHANAN

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